
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sichuan Expressway Company Limited* (the "Company"), you should at once hand this circular and the accompanying proxy form and the reply slip to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00107)

1. MAJOR TRANSACTION; 2. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR; AND 3. NOTICE OF EGM

Capitalised terms used in this cover shall have the same meanings as those defined in the circular.

A letter from the Board is set out on pages 1 to 10 of this circular.

A notice convening the EGM of the Company to be held at 2:30 p.m. on 8 December 2021 (Wednesday) at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the People's Republic of China (the "PRC") is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited and the Company. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon. For the holders of H Shares, the form of proxy should be returned to the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event not less than 24 hours before the time appointed for convening the EGM (or any adjournment thereof) or 24 hours before the time appointed for the passing of the resolutions. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

18 November 2021

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“A Share(s)”	ordinary shares of the Company with a par value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the Shanghai Stock Exchange (stock code: 601107)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“BOT”	build-operate-transfer
“Chengdu Shuhong”	Chengdu Shuhong Property Company Limited* (成都蜀鴻置業有限公司)
“Capital Contribution Agreement”	the Capital Contribution Agreement entered into between the Company and Road & Bridge International, pursuant to which the Consortium agreed unanimously to establish the Project Company by joint contribution in accordance with relevant requirements of Tianqiong Expressway Project
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively
“Concession Agreement”	the Concession Agreement entered into by the Project Company with the People’s Government of Chengdu as requested upon its establishment
“Connected Person(s)”	connected person(s) (has the meaning ascribed to it in the Listing Rules) of the Company
“Consortium”	the consortium established by the Company and Road & Bridge International, among which the Company shall be the leader of the Consortium, representing 82% of its equity interest, and Road & Bridge International shall be a member of the Consortium, representing 18% of its equity interest
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Major Transaction of the General Construction Contract, the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“General Construction Contract”	the General Construction Contract entered into by the Project Company with Road & Bridge International dated 20 October 2021
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares of the Company with a par value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the main board of the Stock Exchange (stock code: 00107)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) not Connected Person(s) and is (are) third party(ies) independent of the Company and Connected Persons
“Investment Agreement”	the Investment Agreement in the Project of Tianfu New Area to Qionglai Expressway signed by the Consortium and the People’s Government of Chengdu under the requirements of Notification of Award
“Latest Practicable Date”	15 November 2021, being the latest practicable date for ascertaining information referred to in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“People’s Government of Chengdu”	People’s Government of Chengdu City, Sichuan Province, local state administration authority
“PRC” or “China”	the People’s Republic of China and, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Project Company”	Sichuan Chengqiongya Expressway Company Limited, a non wholly-owned subsidiary of the Company, owned as to 82% equity interest by the Company and 18% equity interest by Road & Bridge International, respectively
“Renshou Landmark”	Renshou Trading Landmark Company Limited* (仁壽交投置地有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Road & Bridge International”	Road & Bridge International Co., Ltd, a company established in the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Shares and H Shares
“Shareholder(s)”	the registered holders of the Shares
“Shudao Investment”	Shudao Investment Group Company Limited * (蜀道投資集團有限責任公司), a controlling shareholder of the Company, subject to Shudao Investment completing the procedures of share transfer as disclosed in the announcement of the Company dated 28 May 2021
“Shudao Investment Group”	Shudao Investment and its subsidiaries (excluding the Group)
“SSE”	the Shanghai Stock Exchange
“STIP”	Sichuan Transportation Investment Property Company Limited* (四川交投地產有限公司), which is wholly-owned by Shudao Investment and hence a connected person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisors of the Company
“Tianqiong Expressway Project”	the project of Tianfu New Area to Qionglai Expressway
“%”	per cent

* *For identification purposes only*



四川成渝高速公路股份有限公司
Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00107)

Executive Directors:

Mr. Gan Yongyi (Chairman)
Mr. Li Wenhui (Vice Chairman)
Madam Ma Yonghan
Mr. You Zhiming
Mr. He Zhuqing

Legal Address:

252 Wuhouci Da Jie
Chengdu
Sichuan Province
The PRC
Post code: 610041

Non-executive Director:

Mr. Li Chengyong

Independent Non-executive Directors:

Mr. Yu Haizong
Madam Liu Lina
Mr. Yan Qixiang
Madam Bu Danlu

18 November 2021

To the Shareholders

Dear Sir or Madam,

**1. MAJOR TRANSACTION;
2. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR;
AND
3. NOTICE OF EGM**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcements published by the Company dated 3 December 2019, 27 December 2019, 21 January 2020, 27 April 2020 and 20 October 2021, in relation to (1) the Consortium established by the Company and Road & Bridge International winning the tender for Tianqiong Expressway Project through public tender; (2) the Consortium and the People's Government of Chengdu entering into Investment Agreement; (3) the Company and Road & Bridge International entering into Capital Contribution Agreement and established the Project Company by joint contribution; (4) the Project Company and the People's Government of Chengdu entering into the Concession Agreement; and (5) the Project Company entering into the General Construction Contract with Road & Bridge International.

In addition, reference is also made to the announcement of the Company dated 20 October 2021 in relation to the proposed appointment of Mr. Liu Changsong as a non-executive Director of the seventh session of the Board of the Company and the proposed director's remuneration.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM in relation to (i) further details on the transaction contemplated under the General Construction Contract; (ii) further details of the ordinary resolution in relation to the proposed appointment of Mr. Liu Changsong as a non-executive Director of the seventh session of the Board of the Company and the proposed director's remuneration; and (iii) a notice convening the EGM.

II. GENERAL CONSTRUCTION CONTRACT

1. Date

20 October 2021

2. Parties

- (1) the Project Company; and
- (2) Road & Bridge International.

LETTER FROM THE BOARD

3. Subject Matter

Road & Bridge International, being the contractor, will undertake, among other things, the following construction with the Project Company in relation to the Tianqiong Expressway Project:

Temporary construction, subgrade construction, road surface construction, bridge and culvert construction, tunnel construction, cross construction, traffic construction and facilities along the line, greening and environmental protection construction, electromechanical construction, housing construction and repair and maintenance of defect liabilities for other constructions and the project; and other ancillary facilities and other ancillary works for completion of the above projects.

4. Project Price

The total contract amount of the General Construction Contract is RMB4,925,940,900.00, which includes the amount of value added tax and the applicable value added tax rate is 9%. The total contract amount shall be payable by the Project Company in the following manner:

- (1) The prepayment for commencement of construction, being 10% of the total contract amount. Upon signing of the General Construction Contract by Road & Bridge International, the Project Company shall make the payment in two installments (5% each) upon receipt of the payment certificate issued by the project supervisor; the first payment shall be made after the Project Company receives the advance payment application signed by the project supervisor; the second payment shall be made after the key personnel and equipment of Road & Bridge International are in place, the construction site has been completed and accepted, and the project supervisor has convened the first regular meeting on the site.
- (2) Construction progress payment: construction work shall be measured and payable on a monthly basis.
- (3) If the Project Company fails to pay on schedule and for any portion exceeding 28 days, it shall pay liquidated damages for overdue payment calculated based on the National Interbank Loan Prime Rates (i.e. LPR) of the amount to be paid in the current period. The calculation basis of the liquidated damages shall be the entire outstanding amount of the Project Company, which shall be calculated from the date when such amount is payable but remains outstanding (without compound interest).

LETTER FROM THE BOARD

The total contract amount was determined based on the construction design drawings of the Tianqiong Expressway Project and the Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods (《公路工程建設項目投資估算、概算預算編製辦法》), the ancillary indicators and the quota documents issued by the Ministry of Transport of the PRC in 2018.

It is expected that the total contract amount will be satisfied by internal resources of the Group or by other legal means of financing.

5. Performance Guarantee

Within 14 days after the signing of the General Construction Contract, Road & Bridge International shall provide a letter of performance guarantee amounting to 5% of the total contract amount to the Project Company as the performance guarantee, and the letter of performance guarantee by Road & Bridge International shall remain valid until the expiry of the construction defect liability period. If Road & Bridge International does not provide the performance guarantee, the Project Company will withhold 10% of the current measurement amount from each measurement amount of Road & Bridge International as the quality performance guarantee until it deducts 3% of the total contract amount.

6. Construction Period

The commencement date is subject to the commencement order issued by the supervising engineer. The total contract period is 26 months, the defect liability period is 24 months, and the warranty period is 60 months. The defect liability period shall commence from the date of issuance of completion certificate after the construction of the works under the General Construction Contract has been substantively completed and the work has validly passed the delivery inspection.

Road & Bridge International shall pay liquidated damages for overdue delivery due to delayed construction period by Road & Bridge International. Liquidated damages for overdue delivery: RMB50,000 for overdue one day, calculated on a daily basis from the scheduled delivery date to the actual delivery date specified in the delivery acceptance certificate (deducting the approved extended construction period). The maximum cumulative amounts of liquidated damages for overdue delivery shall not exceed RMB10 million. The Project Company may deduct such liquidated damages from any amount payable or due to be payable to Road & Bridge International or by other methods.

LETTER FROM THE BOARD

7. Construction Insurance

Road & Bridge International shall purchase all insurances and third-party liability insurances in the joint name of the Project Company and Road & Bridge International. Upon receipt of insurance contracts and invoices from Road & Bridge International, the Project Company shall pay the project insurance premium to Road & Bridge International based on the actual limited amount. The insurance premium rate is 0.4%.

8. Effectiveness

The General Construction Contract is established on the date when it is signed and sealed by both parties after (i) the approval procedures as required under the Listing Rules of the Stock Exchange, including but not limited to obtaining the approval of the Shareholders at the extraordinary general meeting; and (ii) the approval procedures required by the listing rules of the SSE have been fulfilled.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE GENERAL CONSTRUCTION CONTRACT

Tianqiong Expressway Project is not only an important part of the integrated transportation system of Chengdu City, but also an important supplement to the expressway network of Sichuan Province. Participation in Tianqiong Expressway Project is beneficial to the sustainable development of the principal business of the Company, and will strengthen the competitive advantage of the principal business of the Company. In order to smoothly commence the construction of Tianqiong Expressway project, the Project Company and Road & Bridge International entered into the General Construction Contract.

Road & Bridge International possesses the requisite professional technical knowledge and extensive experience in infrastructure construction in the PRC and is principally engaged in the construction of infrastructures including high-grade highways, extra-large bridges, municipal engineering, railways, tunnels, airports, ports by way of participation in BOT and investment, etc.. The construction works carried out by Road & Bridge International can ensure the completion of the Tianqiong Expressway Project to a standard level, and will also facilitate the utilization of advantageous resources and reduce relevant management and operational costs.

In view of the above, the Directors, including the independent non-executive Directors, are of the view that the participation in the Tianqiong Expressway Project (including but not limited to the General Construction Contract) are on normal commercial terms and are fair and reasonable and the Tianqiong Expressway Project are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

IV. INFORMATION ON THE GROUP AND THE PARTIES

Information on the Group

The Group is principally engaged in the investment, construction, operation and management of road infrastructure projects in Sichuan Province, the PRC, as well as the operation of other businesses related to toll roads.

Information on the Parties

The principal business of the Project Company is development, design, construction, operation, maintenance, management, technical consultation and ancillary services of high-grade highways, bridges and tunnel infrastructures; construction and leasing of service areas, gas stations, advertising spaces and storage facilities ancillary to high-grade highways; vehicle rescue and cleaning. As at the Latest Practicable Date, the Company and Road & Bridge International held 82% and 18% of the equity interest in the Project Company, respectively.

Road & Bridge International is a company incorporated in the PRC and a subsidiary of China Communications Construction Co. Ltd. (a company listed on both the Shanghai Stock Exchange and the Stock Exchange), and is principally engaged in the construction of infrastructures including high-grade highways, extra-large bridges, municipal engineering, railways, tunnels, airports, ports, etc., and covers areas such as BOT, investment, intelligent electronics, etc.

Road & Bridge International is among the first domestic enterprises that obtained the extra-grade qualification in general contracting of road construction projects in 2002, obtained grade A qualification in design in highway industry in 2012 and is equipped with domestically leading and comprehensive equipment for offshore construction, roads and railway construction.

The projects of Road & Bridge International include Guiyang-Duyun Expressway, Fuling-Fengdu-Shizhu Expressway and Zhongxian-Wanzhou Expressway in Chongqing, Daozhen-Weng'an Expressway in Guizhou, Guiwang-Qianxi Expressway, Qingxi Bridge in Guangdong, Guigang-Longan Expressway in Guangxi, Haicang Bridge in Xiamen, East Sea Bridge in Shanghai, Hangzhou Bay Bridge, Siduhe Bridge of Shanghai-Chengdu Expressway (Western Section), Shanghai Yangtze River Bridge, Jintang Bridge of Zhoushan–Mainland Conjunction Project, Dongping Bridge in Foshan, Jiangdong Bridge in Hangzhou, Jiaozhou Bay Bridge in Qingdao, Beijing-Shanghai High-speed Railway, the passenger railway line of Harbin-Dalian High-speed Railway and Jembatan Suramadu in Republic of Indonesia.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Road & Bridge International and its ultimate beneficial owner(s) is, save for Road & Bridge International's interest in the Project Company, an Independent Third Party.

LETTER FROM THE BOARD

V. FINANCIAL IMPACTS OF THE TRANSACTION UNDER THE GENERAL CONSTRUCTION CONTRACT ON THE GROUP

Total contractual amount of the General Construction Contract is RMB4,925,940,900.00. The payment terms of the total contractual amount are set out in the section of “General Construction Contract” in the Letter from the Board.

When the construction costs (namely the total contractual amount) under the General Construction Contract incurs, relevant portions of the total contractual amount will be capitalized under the “service concession arrangements” in the consolidated balance sheet of the Group, consequently, the balance of “trade payables” will increase. And the assets and liabilities of the Group will also increase. The payment of the total contractual amounts and the payment and expenditure incurred or to be incurred of the construction projects will lead to the decrease in “trade payables”, “cash and cash equivalents” and/or “bank borrowings”. Since the total contractual amount will be settled through the internal resources of the Group and/or other legal financing methods, the completion of projects under construction under the General Construction Contract will not have impact on the net assets value of the Group.

The Group considers that the profits of the Group immediately after the execution of the General Construction Contract will not be materially affected.

VI. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the General Construction Contract exceed 25% but are below 100%, the transaction contemplated under the General Construction Contract constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Based on the unaudited financial statements of the Project Company for the period from 4 March 2020 (date of its incorporation) to 31 December 2020, the total assets, profits and revenue of the Project Company as compared to that of the Group are all less than 10%, accordingly, the Project Company is an insignificant subsidiary of the Company pursuant to Rule 14A.09(1)(a) of the Listing Rules. Hence, Road & Bridge International, being only a substantial shareholder of the Project Company and holding 18% equity interest in the Project Company, is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules and the transaction contemplated under the General Construction Contract does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the General Construction Contract and will abstain from voting at the EGM.

VII. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Further details of the Board's proposal of appointing Mr. Liu Changsong ("Mr. Liu") as a non-executive Director of the seventh session of the Board of the Company and the proposed director's remuneration:

The biographical details of Mr. Liu are set out below:

Mr. Liu Changsong, aged 44, graduated from Cranfield University in the United Kingdom with a master degree in business administration. He is currently a director and general manager of China Merchants Expressway Network & Technology Holdings Co., Limited. He is also the chairman of Chengkun International (Jiangxi) Jiurui Expressway Development Co., Ltd., chairman of Guizhou Jinguan Highway Co., Ltd, chairman of Guizhou Jinhua Highway Co., Ltd, chairman of Guizhou Pantao Highway Co., Ltd., chairman of Guizhou Yunguan Highway Co., Ltd., chairman of Ningbo China Merchants Expressway Transportation Technology Co., Ltd., chairman of China Merchants Expressway Technology (Beijing) Co., Limited, chairman of China Merchants Expressway Technology (Shenzhen) Co., Limited and chairman of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd.. He was the deputy director of office of China Merchants Group Limited, deputy director of office for board of directors of China Merchants Group Limited, deputy director of Confidential Office of China Merchants Group Limited, vice head of Logistics and Shipping Department of China Merchants Group Limited. Mr. Liu was a member of CPC Committee, deputy general manager, secretary to the board of directors and director of the office for board of directors of Sinotrans & CSC Holdings Co., Ltd.. He served as the secretary to the board of directors of China National Foreign Trade Transportation (Group) Corporation and he also served as the director of office for board of directors. Mr. Liu was the deputy general manager of Sinotrans Logistics Investment Holdings Co., Ltd..

Subject to the approval by the Shareholders of his appointment at the EGM, the Company will enter into a service contract, which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with Mr. Liu and his term of office shall be effective from the date of the consideration and approval at the EGM and end on the expiry of the term of the seventh session of the Board. At the expiry of such term of office, the term is renewable upon re-election.

LETTER FROM THE BOARD

The remunerations scheme for Mr. Liu is as follows: Mr. Liu shall not receive any remuneration for his non-executive directorship.

Save as disclosed above, Mr. Liu confirmed that (i) he did not hold any position within the Group or any directorship of other listed public companies in the last three years; (ii) he does not have any relationship with any Director, supervisor, senior management, substantial or controlling shareholder of the Company; (iii) he does not have any interest in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong); (iv) he does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2020, the date to which the latest published audited financial statement of the Group was made up; and (v) he or any of his respective close associates (as defined under the Listing Rules) did not have any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

Save as disclosed above, the Company considers that there is no information which is disclosable nor is/was Mr. Liu involved in any of the matters required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) and Rule 13.51(2)(v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

VIII. CUMULATIVE VOTING MECHANISM

According to the Articles of Association, the Directors of the Company are elected by means of cumulative voting mechanism. At the election of Directors, the number of votes held by each Shareholder shall equal to the number of his/her Shares held multiplied by the number of Directors he/she is entitled to elect; each Shareholder has the right to cast all his/her votes to one candidate for Directors, or to allocate his/her votes to all candidates thereof he/she is entitled to elect at his/her discretion, or to cast all his/her votes to two or more of the candidates. Voting for non-independent Directors and independent non-executive Directors shall be held separately.

IX. EGM

The Company proposes to convene the EGM at 2:30 p.m. on 8 December 2021 (Wednesday) at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For the H Shareholders, the proxy forms should be returned to the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post not less than 24 hours before the convention of the EGM or any adjourned meeting thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

If you intend to attend the EGM in person or by proxy, you are required to complete and lodge the reply slip for attending the EGM at the Company's legal address at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC not later than 4:30 p.m. on 3 December 2021 (Friday). The reply slip may be delivered to the Company by hand, by post or by fax (fax no.: (8628) 8553 0753).

X. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The H Shares register of members of the Company will be closed from 3 December 2021 (Friday) to 8 December 2021 (Wednesday), both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, unregistered holders of H Shares shall ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2 December 2021 (Thursday).

XI. RECOMMENDATION

The Directors consider that (1) the transaction contemplated under the General Construction Contract; and (2) the resolution in relation to the proposed appointment of Mr. Liu Changsong as a non-executive Director of the seventh session of the Board of the Company and the proposed director's remuneration, are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the relevant ordinary resolutions for approving the transaction contemplated under the General Construction Contract and the proposed appointment of Mr. Liu Changsong as a non-executive Director of the seventh session of the Board of the Company and the proposed director's remuneration.

Yours faithfully,
By order of the Board
Sichuan Expressway Company Limited*
Gan Yongyi
Chairman

* For identification purposes only

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2020 and the six months ended 30 June 2021 has been disclosed in the following documents published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<https://www.cygs.com/>).

- (i) The annual report of the Company for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn201904181215.pdf>

- (ii) The annual report of the Company for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041601233.pdf>

- (iii) The annual report of the Company for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000677.pdf>

- (iv) The interim report of the Company for the six months ended 30 June 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600940.pdf>

2. INDEBTEDNESS STATEMENT

As at 30 September 2021, being the latest practicable date, for the purpose of this statement of indebtedness, the Group had the following outstanding indebtedness:

(a) Borrowing

As at 30 September 2021, the Group had interest-bearing bank and other borrowings of RMB19,010,347,969, of which RMB15,258,107,969 were secured and RMB3,752,240,000 were unsecured.

(b) Contingent Liabilities

As at 30 September 2021, the Group had no material contingent liabilities and guarantees on a group consolidated basis.

(c) Lease Liabilities

As at 30 September 2021, the Group had lease liabilities of RMB146,136,599. These lease liabilities were unsecured and unguaranteed.

Save as those disclosed above or elsewhere in this circular and except for the inter-group liabilities during the ordinary course of business and normal trade payables, as at 30 September 2021, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases commitments, guarantees or other contingent liabilities.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the investment, construction, operation and management of expressway infrastructure projects, and carries out diversified operations which are highly relevant to our principal business. As disclosed in the 2021 interim report of the Company, the net revenue of the Group for the first half of 2021 amounted to approximately RMB4,022,892,000, representing an increase of approximately 71.95% year-on-year. In particular, the toll roads and bridges segment achieved net income of approximately RMB1,795,488,000, representing a year-on-year increase of approximately 102.74%; the financial investment segment achieved net income of approximately RMB99,916,000, representing a year-on-year increase of approximately 7.02%; the city operation segment achieved net income of approximately RMB1,375,798,000, representing a year-on-year increase of approximately 108.08%; the energy investment segment achieved net income of approximately RMB751,690,000, representing a year-on-year increase of approximately 7.47%. The profit attributable to the owners of the Company was approximately RMB673,714,000, representing an increase of 508.91% year-on-year. Basic earnings per Share were approximately RMB0.220 (Same period of 2020: approximately RMB(0.054)). As at 30 June 2021, the Group's total assets amounted to approximately RMB41,086,301,000 and its net assets amounted to approximately RMB17,003,183,000.

Based on the analysis of and conclusion on the Group's operation, taking in to account the prediction and judgment of the current economic situation, policy environment, industry and its own development status, and under the guidance of the Group's overall development plan, we have formulated the following work plan:

(1) Focusing on construction, expansion of projects, and consolidating the foundation of development of the Company

The main responsibility and principal business are the foundation of the Company. The Group will study and formulate the promotion plan for key construction projects, carry out different tasks according to plans and schedule, strengthen supervision and guidance to ensure the construction progress of key construction projects; at the same time, it will actively explore various methods of investment in road assets, including the expansion and upgrading of the road asset stock, the acquisition of new road asset project, merger and acquisition of quality completed road asset projects, etc., and increase efforts in the expansion of projects so as to lay a solid foundation for the sustainable and healthy development of the Company;

(2) Strengthening management, promoting operation and striving to improve economic benefit

In order to improve the operation and management quality and efficiency, the Group will devote its effort in key points, filling in the shortcomings and improving weak links: Firstly, it will strive to strengthen toll management, strengthen the joint-service and joint-action mechanism and launch special rectification actions. Secondly, it will work hard to improve the level of maintenance management and promote the application of more cost-effective and efficient road maintenance technology. Thirdly, it will devote great efforts in the construction and improvement of risk prevention and control system, continue to strengthen the supervision and control of weak links, key positions and risk-prone areas, and continuously improve the construction of risk prevention and control system. Fourthly, it will strive to improve the quality of development of competitive enterprises in the market to which the Group belongs, and facilitate the formation of stronger profit-making effect. Fifthly, it will make efforts to improve safety, environmental protection and pandemic prevention, guarantee smooth traffic flow and safety, and do its best to ensure the safety and emergency protection during holidays, floods and major events, spare no efforts in the regular pandemic prevention and control and consolidate the achievement of “zero infection” in pandemic prevention.

(3) Strengthening operation, enhancing supporting and continuing to explore efficiency creation through the improvement of financial performance

The Group will strive to build a multi-channel, multi-level and multi-dimensional capital management and reserve system, and will continue to strengthen budget and cost control, to continuously enhance the capability to reduce costs and increase efficiency and create financial benefits: Firstly, it will further expand the Company’s financing channels and actively explore new financing methods. Secondly, it will further improve the management of funds, continue to increase the collection of funds, to maximize the scope of value-addition of the funds stock. Thirdly, it will further strengthen budget management and conduct monthly monitoring of major budget indicators, identify, report and solve problems in a timely manner, to guarantee the completion and avoid the occurrence of deviations, and build the analysis module for the execution of budget in the financial system, to provide a scientific basis for operating decisions. Fourthly, it will further reduce costs and increase efficiency, strengthen cost analysis, revise daily cost quotas, strictly execute cost budgets, and comprehensively promote the implementation of company-wide, total-factor and whole-process cost control in all companies under the Group, and strictly execute cost budgets and continue to explore the potential of cost reduction.

4. WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the effect of the transactions contemplated under the General Construction Contract, the Group's internal resources, cash flow from operations, facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL CHANGE

The Directors confirm that as at the Latest Practicable Date, they were not aware of any material changes in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

6. ACQUISITIONS AFTER THE PREPARATION DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Nil.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

(a) Long position in the Company

Name	Capacity	Types of Shares	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company
Mr. Gan Yongyi	Director	A Shares	Beneficial owner	50,000	0.0016%
Mr. Luo Maoquan	Supervisor	A Shares	Beneficial owner	10,000	0.0003%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Other interests

As at the date of this circular, so far is known to the Directors,

- (i) none of the Directors and Supervisors had any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2020, the date to which the latest published audited financial statement of the Group was made up;
- (ii) except that Mr. Li Chengyong, a non-executive Director, is the deputy head of the finance management department in Shudao Investment, no other Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO; and
- (iii) none of the Directors and Supervisors of the Company was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name	Type of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate	Approximate	Capacity
				percentage in the total shares capital of the Company		
Shudao Investment	A Shares (state-owned shares)	Long position	1,035,915,462	33.875%	47.898%	Beneficial owner
	H Shares	Long position	<u>60,854,200</u>	<u>1.990%</u>	6.797%	Beneficial owner
Total			<u>1,096,769,662</u>	<u>35.865%</u>		
China Merchants Expressway Network & Technology Holdings Co., Ltd. ("China Merchants Expressway")	A Shares (legal person shares)	Long position	664,487,376	21.729%	30.724%	Beneficial owner
	H Shares	Long Position	96,458,000	3.154%	10.774%	Interest in controlled corporation ⁽¹⁾
Total			<u>760,945,376</u>	<u>24.883%</u>		

Note:

- (1) Equity interest held by Cornerstone Holdings Limited, a wholly-owned subsidiary of China Merchants Expressway. Therefore, China Merchants Expressway is deemed to be interested in the H shares held by Cornerstone Holdings Limited under the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the Supervisors nor any of their respective close associates (as defined under the Listing Rules) had any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

5. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors or the Supervisors has entered into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, to the Directors' best knowledge, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2020, the date to which the latest published audited financial statement of the Company were made up.

8. MATERIAL CONTRACTS

The members of the Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the Latest Practicable Date which are or may be material:

- (1) an equity and corresponding shareholder's loan transfer agreement dated 16 August 2021 entered into between the Company and STIP in relation to the sale of 91% equity interest in Renshou Landmark held by the Company by then and the principal of the shareholder's loan as outstanding and owed by Renshou Landmark to the Company on the date on which the conditions precedent for such agreement are fulfilled and the total amount of interest accrued and unpaid thereon up to the relevant settlement date pursuant to such agreement with an aggregate consideration payable by STIP of not exceeding approximately RMB1,858.2 million; and
- (2) an assets transfer agreement dated 16 August 2021 entered into between Chengdu Shuhong, a direct wholly-owned subsidiary of the Company, and STIP in relation to the sale of the a real estate project under construction named "Hongrui International Plaza" on a parcel of land located at Xiangshui Village, Zhujia Township, Renshou County, Meishan City, Sichuan Province, China held by Chengdu Shuhong with an aggregate consideration payable by STIP of not exceed approximately RMB87.0 million.

Save as disclosed above, there is no material contract (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cygs.com>) for a period of 14 days from the date hereof:

- (i) the General Construction Contract;
- (ii) the material contracts referred to in the paragraph headed “8. Material Contract” in this appendix; and
- (iii) this circular.

10. MISCELLANEOUS

- (i) The head office, registered office and principal place of business of the Company is situated at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.
- (ii) The principal place of business in Hong Kong of the Company is at Rooms 2201–2203, 22/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.
- (iii) The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (iv) The secretary of the Company is Mr. Zhang Yongnian. Mr. Zhang graduated from the Faculty of Law of Sichuan University. He served as judicial officer of the People’s Court of Emeishan City, Sichuan Province, and deputy chief of the Criminal Judicial Tribunal.
- (v) Save as expressly stated otherwise, the English text of this circular, the accompanying form of proxy and the notice of EGM shall prevail over the Chinese translation in case of any inconsistency.

NOTICE OF EGM



四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00107)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Sichuan Expressway Company Limited* (the “**Company**”) will be held at 2:30 p.m. on 8 December 2021 (Wednesday) at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan, the PRC for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions.

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 18 November 2021 containing the details in relation to the resolution herein below.

ORDINARY RESOLUTIONS

To consider and approve the following resolutions by way of open ballot and non-cumulative voting:

1. **THAT** all matters and actions necessary for the General Construction Contract dated 20 October 2021 entered into between the Project Company and Road & Bridge International and the transaction contemplated thereunder be and are hereby considered and approved, and the management of the Company be and are hereby authorized to deal with, at their sole and absolute discretion, all the relevant matters in relation to the General Construction Contract, including, but not limited to, amending, supplementing, signing, submitting, presenting and executing all agreements and documents relating to the General Construction Contract.
2. To consider and approve the remuneration package for Mr. Liu Changsong for his directorship as: he will not receive remuneration from the Company for his directorship.

To consider and approve the following resolution by way of open ballot and cumulative voting:

3. To elect and appoint Mr. Liu Changsong as a non-executive Director of the seventh session of the Board of the Company, with a term of office commencing on the date of the consideration and approval at the EGM and ending on the expiry of the term of the seventh session of the Board. At the expiry of such term of office, the term is renewable upon re-election.

By order of the Board
Sichuan Expressway Company Limited*
Gan Yongyi
Chairman

Chengdu, Sichuan Province, the PRC

18 November 2021

NOTICE OF EGM

Note:

1. The register of members of H Shares of the Company will be closed from 3 December 2021 (Friday) to 8 December 2021 (Wednesday), both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, unregistered holders of H Shares shall ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2 December 2021 (Thursday).
2. Any holder of H Shares who has registered on the register of members of H Shares before the close of business on 2 December 2021 (Thursday) is entitled to attend the EGM after registration for the meeting. He/she is also entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf in accordance with the Articles of Association of the Company. A proxy need not be a Shareholder of the Company.
3. In order to be valid, the form of proxy of holders of H Shares and, if such form of proxy is signed by a person under a power of attorney or other authority on behalf of the principal, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the EGM (or any adjournment thereof) or 24 hours before the time appointed for the passing of the resolution(s).
4. Shareholders or their proxies should produce their identity documents when attending the EGM. Should a proxy be appointed, the proxy shall also present the form of proxy.
5. Pursuant to the Articles of Association of the Company and the Listing Rules, the Chairman of the EGM will demand a poll in relation to all the resolution(s) proposed at the EGM.
6. Shareholders who intend to attend the EGM shall complete and lodge the reply slip for attending the EGM at the Company's legal address at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC not later than 4:30 p.m. on 3 December 2021 (Friday). The reply slip may be delivered to the Company by hand, by post or by fax (fax no.: (8628) 8553 0753).
7. The EGM is expected to last for less than one day. Shareholders or their proxies attending the EGM shall be responsible for their own traveling and accommodation expenses.

As at the date of this notice, the Board comprises Mr. Gan Yongyi (Chairman), Mr. Li Wenhui (Vice Chairman), Madam Ma Yonghan, Mr. You Zhiming and Mr. He Zhuqing as executive Directors, Mr. Li Chengyong as non-executive Director, Mr. Yu Haizong, Madam Liu Lina, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive Directors.

** For identification purposes only*